

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

May 23, 2008

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Ref: 08od-077

OAHU

Consent to Assign General Lease No. S-5592, Herbert Seichi Omizo and Keith Omizo, Personal Representative of the Estate of Kenneth Shundo Omizo, Assignor, to Nalo Farms, Inc., Assignee, Waimanalo, Koolaupoko, Oahu, Tax Map Key: (1) 4-1-009:269.

APPLICANT:

Herbert Seichi Omizo and Keith Omizo, Personal Representative of the Estate of Kenneth Shundo Omizo, as Assignor, to Nalo Farms, Inc., a domestic corporation, whose mailing address is 41-574 Makakalo Street, Waimanalo, Hawaii 96795, as Assignee.

LEGAL REFERENCE:

Section 171-36(a)(5), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Waimanalo, Koolaupoko, Oahu, identified by Tax Map Key: (1) 4-1-009:269, as shown on the attached map labeled Exhibit A.

AREA:

13.888 acres, more or less.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State
Constitution: YES _____ NO X

CHARACTER OF USE:

Diversified agriculture. "Diversified agriculture" means the cultivation and harvesting of truck, orchard, flower or nursery

crops and shall not include or embrace the cultivation and harvesting of grasses or forage crops purposes.

TERM OF LEASE:

35 years, commencing on December 1, 1999 and expiring on November 30, 2034. First rental reopening is scheduled for December 1, 2009.

ANNUAL RENTAL:

\$11,340, due semi-annually.

CONSIDERATION:

None

RECOMMENDED PREMIUM:

None. (Refer to Exhibit B attached.)

DCCA VERIFICATION:

ASSIGNOR: Individual, not applicable.

ASSIGNEE:

Place of business registration confirmed:	YES	<u>X</u>	NO	<u> </u>
Registered business name confirmed:	YES	<u>X</u>	NO	<u> </u>
Good standing confirmed:	YES	<u>X</u>	NO	<u> </u>

REMARKS:

The subject lease was issued to Herbert & Kenneth Omizo pursuant to Act 257, Session Laws of Hawaii 1996 which converted permittees on State agricultural lands to establish long-term land tenure.

Kenneth Omizo died in 2005 and his heirs have no intention to keep operating the farm. Further, Herbert Omizo wants to retire from farming due to his age. The families decide to sell the leasehold interest.

Nalo Farms, Inc. is owned by Dean Okimoto since 1983. Over the past 20 plus years, the farm has been growing greens and herbs serving the local market. Currently, the farm is operating on a 4-acre private property in Waimanalo and is planning to expand the operation. The farm aims at enlarging its share in the local super markets and the military exchanges. In the long run, exporting to the mainland will also be considered.

Staff believes the assignee, based on its experience and business plan, can successfully run a farm on the property.

The assignor is in compliance with all lease terms and conditions including rent, insurance, performance bond.

Assignee has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

First rental reopening of the subject lease is scheduled on December 1, 2009. To date, there are no outstanding issues regarding rental reopening.

Both Department of Agriculture and the Office of Hawaiian Affairs have no objections to the subject request.


There are no other pertinent issues or concerns, and staff has no objections to the request.

RECOMMENDATION:

That the Board consent to the assignment of General Lease No. S-5592 from Herbert Seichi Omizo and Keith Omizo, Personal Representative of the Estate of Kenneth Shundo Omizo, as Assignor, to Nalo Farms, Inc., as Assignee, subject to the following:

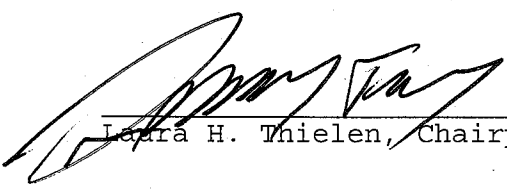
1. The standard terms and conditions of the most current consent to assignment form, as may be amended from time to time;
2. Review and approval by the Department of the Attorney General; and
3. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



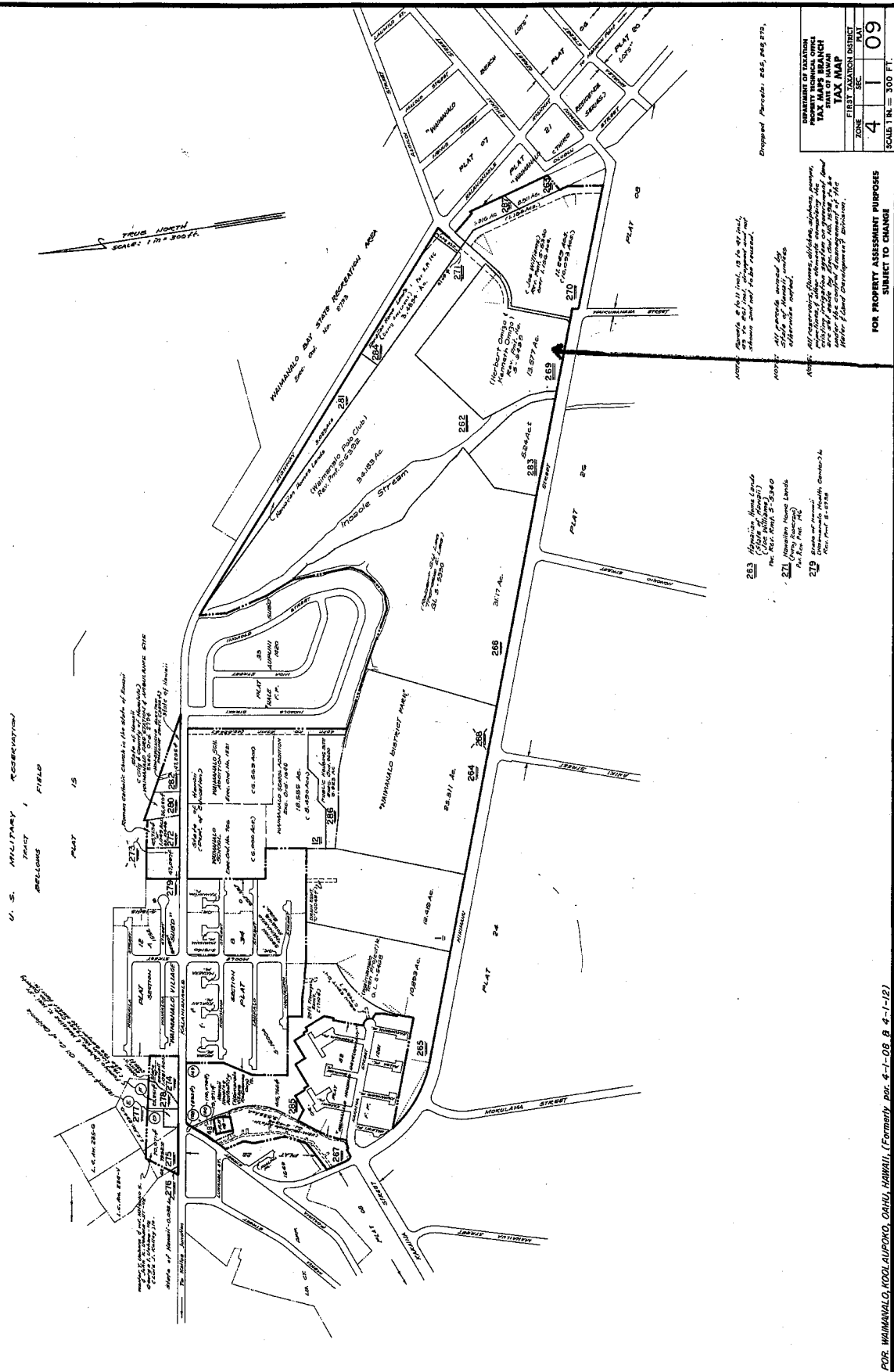
Barry Cheung
District Land Agent

APPROVED FOR SUBMITTAL:



Laura H. Thielen, Chairperson





Subject Location

POR. WAINMANALO, KOOLAUPOKO, OAHU, HAWAII, (Formerly por. 4-1-08 & 4-1-12)

EXHIBIT "A"



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

April 28, 2008

MEMORANDUM

TO: Laura H. Thielen, Chairperson

THROUGH: Morris M. Atta, Acting Land Division Administrator

FROM: Cyrus C. Chen, Real Estate Appraisal Manager *Cyrus Chen*

SUBJECT: In-House Valuation Recommendation – Assignment of General Lease S-5592 from Herbert Seichi Omizo and Keith Omizo, as Personal Representative of the Estate of Kenneth Omizo, to Nalo Farms, Incorporated

GL No.:	S-5592
Assignor:	Herbert Omizo and Keith Omizo, as Personal Representative of the Estate of Kenneth Omizo
Assignee:	Nalo Farms, Incorporated
Location:	Waimanalo, Koolaupoko, Oahu, Hawaii
Land Area:	13.888 acres
Tax Map Key:	(1) 4-1-009:269
Char. of Use:	Diversified agriculture

We have been requested to calculate the assignment of lease premium, if any, pursuant to the Assignment of Lease Evaluation Policy. A purchase and sale agreement effective April 1, 2008, was submitted to staff for this analysis. According to this document, there is no consideration paid by the proposed Assignee for the lease or improvements on the property.

Assignee's consultant indicates that because of a lack of good record keeping by the Assignor, no receipts or contracts for the improvements on the site are available. Staff performed a site inspection of the site on April 24, 2008, which confirmed that no substantial improvements were present.

The equipment and personal property on the leased premises will be transferred to the Assignee for a total consideration of \$36,000. This consideration is not subject to the Assignment of Lease Evaluation Policy. Based upon the submitted document, the following analysis was performed.

EXHIBIT "B"

Laura H. Thielen, Chairperson
April 28, 2008
Page Two

Net consideration		\$0
Improvement cost	\$0	
Trade fixture cost	<u>\$0</u>	
Total improvement and trade fixture cost	\$0	
Less depreciation	<u>(\$0)</u>	
Depreciated value of improvements & fixtures	\$0	
Less adjusted improvement cost (inc. trade fixtures)		<u>(\$0)</u>
Excess		\$0
Premium % (6-10 years elapsed)		<u>45%</u>
Premium		\$0

Based on these calculations, the premium due the State is \$0.

Special Conditions and Limiting Assumptions

- 1) The subject property was inspected by the staff appraiser.
- 2) This memo does not comply with USPAP and is to be used for determining the assignment premium due the State only.

Approved/Disapproved:



Laura H. Thielen, Chairperson



Date

cc: District Branch Files
Central Files